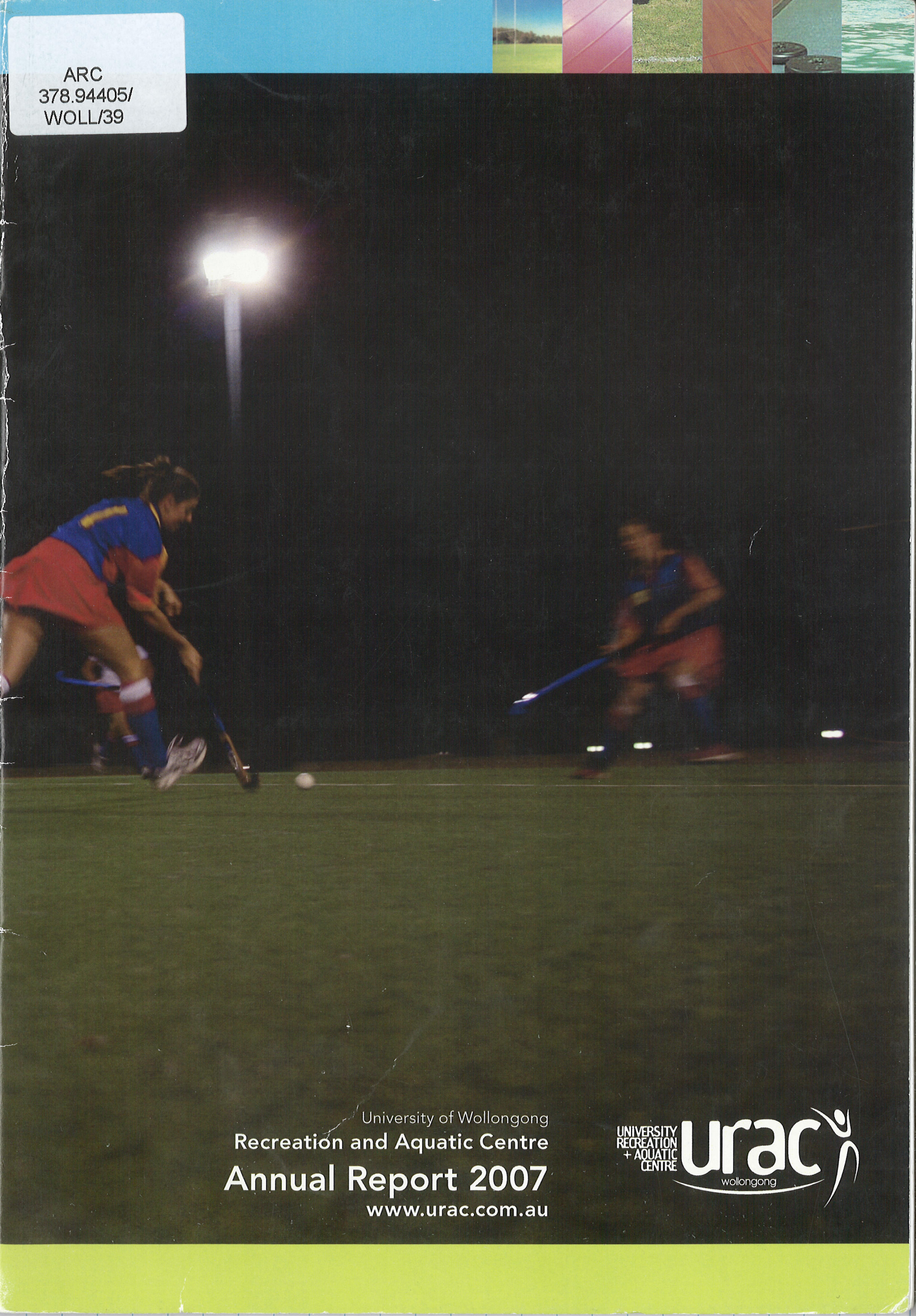


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University of Wollongong  
Recreation and Aquatic Centre  
**Annual Report 2007**  
[www.urac.com.au](http://www.urac.com.au)





# UNIVERSITY OF WOLLONGONG RECREATION & AQUATIC CENTRE Ltd.

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## 2007 BOARD

J. Patterson	(Executive Chair)
P. Webb	(Deputy Chair)
C. Battaerd	
C. Fierravanti	
D. Harland	
D. Iverson	
M. Reid	
P. Maywald	
M. Kelly	
P. Manning	(Executive Director)

### HONORARY LIFE MEMBERS:

Mr I. Dunn (deceased)  
Mr D. Lear  
Dr P. Webb  
Mr N. McKinlay  
Dr J. Pemberton

### HONORARY SOLICITOR:

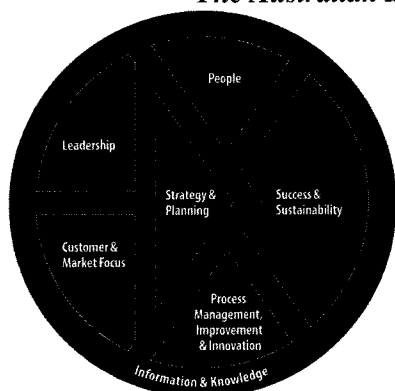
Mr J. Isabella  
*Williamson Isabella*  
*Lawyers*

## **.Planning and Special Projects Report**

### **Business Excellence Framework**

In late 2006 URAC created a management framework – the URAC Excellence Model – which is modelled off the Australian Business Excellence Framework. The model aims to create an environment for continuous improvement within the organisation focussing on the elements of leadership; our customers and markets; our planning processes and strategies; our people; our management processes; our data and information; and our future success and sustainability.

#### *The Australian Business Excellence Framework*



#### **URAC**

#### **Organisational Self Assessment Scores:**

2006 – 3.78

2007 – 4.24

URAC employees participated in annual organisational self assessments against the framework and the results were analysed and reported independently by the Benchmarking Partnerships organisation. The purpose of the self assessments was to identify and act on improvement opportunities based on employee feedback. The results of the self assessment are reported out of a score of 5. As a target, a best practice performance score could be 4.8 based on similar assessments conducted by Benchmarking Partnerships. In 2006 URAC scored 3.78 and in 2007 we were pleased to score 4.24.

The priorities identified in the 2007 report were:

- To further develop our planning model and integrate our organisational KPI's into employee job descriptions and performance planners.
- To focus greater attention on controlling costs.
- To improve communication channels with casual employees and
- To improve communication of KPI's throughout the organisation

A modified version of the Australian Business Excellence Framework was launched in 2007 and URAC will look to adopt the new model in 2008.

### **New Corporate Logo & Branding**

URAC launched a new corporate logo in 2007 after 2 decades and several iterations of the old logo which served us very well. The changes in the health and fitness industry, changes in customer tastes, changes brought about by VSU and our commencement with the Australian Business Excellence Framework all provided a timely impetus to refresh our branding.

**1987 - 2006**

*University of Wollongong*  
**Recreation & Aquatic Centre Ltd**



**2007 and beyond**

UNIVERSITY  
RECREATION  
& AQUATIC  
CENTRE

**urac**  
wollongong



Our new logo utilises a fresher colour scheme and a new motif which does not specifically depict sport or fitness but hints at our mission of keeping our members *active*. Along with our corporate logo change, we also launched [www.urac.com.au](http://www.urac.com.au). Whilst our origins are still firmly within the university,

our new domain name is easier to promote to community members. In 2008 we will seek to engage more Community Members as part of UOW's Community Engagement strategy. Our intention is that amongst visiting school groups in particular, potential future university students will have UOW as their first choice as a result of their positive interactions with URAC.

Our new corporate uniform has also received favourable feedback from members.

### **Member Care**

Two of the priorities identified in URAC's 2006 Organisational Self Assessment were to refresh our brand & image and focus on delivering an improved and more consistent service experience for our members.

In 2007 we continued to work with the ZENTO customer service & sales training organisation to improve our communication with our members. Over monthly training sessions our team developed a member care model that aims to increase the number of meaningful contacts we have with members during the term of their memberships.

We will look to continue our relationship with ZENTO in 2008 as we strive to continuously invest in staff development – especially in the area of customer service.

Significantly a new position of Membership Consultant (15 hours per week) was created in September 2007 and Megan Gregory was appointed to the position. The Membership Consultant oversees the member care model. The member care model features:

- 'Thank You' and follow-up emails following a prospective member's first contact
- Welcome email and bookings for health consultations (if appropriate) on joining
- Courtesy follow-up calls 1 month post joining
- A monthly health & wellness e-zine
- Courtesy email and telephone reminders prior to expiry

We hope to grow the Membership Consultant role in 2008 commensurate with membership growth. The 2008 member care model will also take advantage of SMS technology as a low cost method of staying in touch with members.

### **Market Research**

#### *Focus Group Interviews*

We undertook a number of customer focus group interviews in 2007 to gain a better understanding of our member's needs and wants – specifically for our Health Fitness offerings. The results of the focus group interviews indicated that:

1. Members wanted greater visibility and availability of Health & Fitness instructors during their visits
2. Members felt that checking-in and out at the Reception desk is a waste of time
3. Members felt that there was too much inconsistency with the background music and wanted one source of contemporary music
4. Members participating in Mind & Body classes were disturbed by patrons in the Health Club dropping weights

The Health & Fitness team made significant changes to their staffing structure; redesigned the Health Club floor; and URAC made a significant investment in new plasma screens, cabling and set top boxes to address these issues in early 2007. URAC will also work with Links Modular Solutions to introduce "swipe 'n go" access to facilities in 2008/09 to enable members hassle free access to facilities.

#### *Customer Satisfaction Survey*

URAC engaged the Grassroots Group Pty Ltd to undertake Customer Satisfaction Research in September/October 2007. The Grassroots Group have been conducting a similar survey for the UOW Unicentre for several years and work with student service organisations at Sydney University and the University of Newcastle.

The exit survey was administered to visitors following their visit to the centre and included:

- Customers' satisfaction with URAC overall – **score 88/100**
- Satisfaction with the Health Club and related services – **score 88/100**
- Satisfaction with the Group Exercise Program – **score 89/100**
- Satisfaction with the Pool and related services – **89/100**

- Satisfaction with the Tennis Courts – score **91/100**
- Satisfaction with the Lunchtime Sports Program – **85/100**
- Customers' satisfaction with URAC operating hours – **77% of customers are satisfied**
- Mode of transport to URAC – **45% car/motorcycle; 35% walk; 10% other modes**
- One service to prioritise for improvement – **Parking; Demands for specific types of Group**

### **Exercise Classes**

361 visitors were surveyed: 216 Students, 40 University staff members and 107 Community Members. In an open-ended question participants were surveyed as to the one service URAC needed to prioritise for improvement. In total 225 responses were received however due to the wide range of the responses, any one factor could not be highlighted with authority. "Parking" and "Specific (individual) demands for types of Group Exercise Classes" were the two factors that were most easily identified from the responses. URAC management will use this qualitative information along with anecdotal evidence and parking statistics from the University to try and develop a parking strategy for the new Stage 10 sports facility. Parking has also been earmarked for further research in 2008.

Whilst pleased with the results of the survey, we intend to administer an online survey to a larger audience in 2008.

### **Staffing**

In line with our priority to provide customer service with greater consistency across our peak and off peak hours, we created a number of permanent part-time roles where staff members work across a number of functions – Reception, Health Club & Aquatic Centre. This has enabled us to roster staff in various functions with a greater degree of permanency and allowed members to develop a better familiarity and rapport with staff. We have also been able to retain casual staff who would otherwise have sought permanent employment elsewhere. In 2008 we aim to convert more of our current casual hours to permanent roles where feasible to achieve the multiple objectives of:

- Engaging with members better by creating greater rapport through consistency
- Creating more predictable wage expenses by being able to deploy multi-skilled staff into the areas where there is greater demand throughout the day rather than calling in casual staff
- Offering more permanency to staff members who are multi-skilled

### **New Membership Management & Point of Sale Software**

In order to move to an e-commerce model which will ultimately allow members to join & renew online and book into activities online, URAC evaluated the software options available in the market towards the end of 2007. In all, 3 industry specific vendors were considered and URAC purchased the Links Modular Solutions (LMS) product after an extensive review and quotation process. LMS is an Australian owned leisure management company with significant operations in Australia and the US.

Links was rolled out in December 2007 with all current membership data successfully migrated into the new database. The roll out was over a period of a week which included training for all URAC staff.

Over the course of 2008/09 URAC will start to roll out online transactions and bookings as the vendor releases new versions of the product. We are also working with LMS to create 'swipe and go' access to our Health Club and Pool to offer current members the convenience of bypassing our reception desk and heading directly to their chosen activity.

### **Promotions**

Sharyn Cahill was appointed to the role of Group Exercise Coordinator in 2007 but continued to do a great job with our campus-based promotions in 2007. During the university Orientation Week in Session 1, the Promotions Team presented to approximately 1700 new UOW students via DVD and talks. Extra casual staff members were also employed in roving customer service roles in the URAC foyer to assist with new student/member enquiries and to conduct tours of the facility. Additionally, an "Aussie Extravaganza" expo was held for 550 international students from Wollongong College Australia (formerly Wollongong University College).

In Session 2, DVD presentations and talks were given to approximately 700 students during their faculty orientations and other Orientation Week promotions. 1400 URAC promotional brochures were

distributed in enrolment packs; 350 were distributed in Study Abroad enrolment packs and 400 were distributed via the Unicentre VIP bags. A second "Aussie Extravaganza" was held for approximately 300 international students of Wollongong College Australia.

Both "Aussie Extravaganza" events were held in the URAC Sports Hall and featured a range of exhibitors including:

- Wollongong Bike Hub
- Wollongong City Council Lifeguards
- Symbio Wildlife Park
- Cancer Council
- UOW Dance Club
- UOW Kendo Club
- UOW Badminton Club
- Australian Health Management Group
- National Australia Bank
- STA Travel
- ESRC
- Local Police & Fire Brigades
- UOW Student Equity Diversity and Liaison Officer
- UOW Security
- Surf Life Saving Illawarra
- Pines Surfing Academy
- N.R.G Dance Studios
- Australian Customs & Quarantine
- NSW Department of Fair Trading

The expo served to expose International students to URAC facilities and also provided a one-stop-shop where students could get important information which would assist them to settle quickly in Wollongong. We would like to thank long list of exhibitors for their support and also extend a big thank you to our pool of casual staff members who work tirelessly behind the scenes to make the event possible.

### **Planning**

Staff Planning sessions conducted in 2007 were focused on URAC's long term future - specifically integrating the Stage 10 sports facility (proposed for late 2008) and Innovation Campus Health Club (iC Health proposed for mid 2008) into URAC's operations. The theme to emerge from the planning sessions was "Transformation." Long term objectives identified were:

- Transforming URAC into a customer centric organisation which prioritises the total health & wellbeing of its members
- Exploiting technology to communicate more meaningful information more frequently to members
- Leveraging the strengths of each of URAC's 3 proposed operations to provide members with the most comprehensive range of health, fitness, recreational and sporting opportunities in the region.

**Grant Jacobs**  
**Assistant Executive Director**

## **Facilities Report**

### **Staffing**

2007 proved to be a challenge for our team especially following the temporary departure of one of our senior permanent staff on maternity leave towards the end of 2006. It did give us an opportunity to trial some changes to how we staff the Reception Desk, which included having a full time maternity position for 12 months, as well as creating an additional permanent part-time position to provide a consistency for our customers. These 2 positions provided us the reassurance of having a permanent staff member available for the majority of our operating hours. It was also good for our regular group users to have a consistent point of contact when they came in to use our facilities outside of normal business hours.

### **Customer Service Training**

The Reception Desk team participated in monthly training sessions provided by the ZENTO training group in 2007. Identified as a major priority through our involvement in the Australian Business Excellence process, our team members' professional development was primarily in the area of customer service delivery. Special focus was given to improving communication techniques so as to positively impact customer satisfaction and member retention. The monthly sessions were ideal as they enabled all of our team members to attend sessions whilst not losing little if any operational time on the Reception Desk.

We hope to continue to participate in customer service training in 2008.

### **Facilities**

We undertook a major capital investment in January with an expansion and refurbishment of the Recreation Centre change rooms. Unfortunately there was a lengthy delay during the completion of the project due to the unavailability of some contractors and unforeseen problems from old building services installed over 20 years ago. Those issues aside, many of our customers commented favourably on the changes despite the delay.

The new change rooms feature water saving devices in the shower heads and taps, and the plumbing services have now been brought up to date with current building code. Additionally, the new floor is proving easier to keep clean than the old concrete sealed floor. The disabled amenities have also been completely overhauled and now comply fully with current Building Code of Australia (BCA) guidelines.

### **Use of Sporting Facilities**

#### **UOW Sports Clubs**

2007 saw the first full year of VSU and what was always anticipated to be a difficult transition for the sporting clubs, many of them struggling to change their operations from being subsidised by compulsory student fees, now to become self supporting and paying hire fees which were in some cases nearly 300% greater than their 2006 rates. Over time these issues were worked through to the best possible solutions, given the unique circumstances.

Inclement weather and ovals closure was an issue that continued to be a problem for teams using our fields for training and participation in local competitions. Due to the large volume of use from several clubs on our ovals, URAC and Buildings and Grounds staff tried to manage the balance between maximising the usage for our sporting clubs whilst maintaining a quality playing surface that is safe for all of our users and in keeping with the University's surrounds. We anticipate that inclement weather will continue to pose operational problems for both oval users and URAC management. It is hoped that the Oval 1 upgrade project which is funded via a Federal Government VSU Transition Fund grant, will improve drainage and irrigation on our ovals – primarily Oval 1. On completion this should help make the management of the fields more "user" friendly and provide greater accessibility to users.

## **Faculty of Education**

In 2007 one of our major users was the Faculty of Education averaging in excess of 30 hours per week of use of URAC facilities with a majority of that time being for the Sports Hall and ovals. Whilst the large volume of use resulted in some operational challenges, these were either avoided or resolved through more effective communication between URAC management and the Education Staff.

## **NRG Dance Studios**

Having outgrown other facilities on campus, N.R.G Dance Studios approached URAC in late 2006 seeking a larger venue to conduct their classes. The preferred venue was the URAC Sports Lounge which required a new floor if it was to cater for the dance studio as well as other minor fit-out modifications. N.R.G Dance Studios installed a dance floor at their expense, as well as other expenses for other minor alterations which were shared by URAC.

Additional facility changes were required in order for the project to proceed, so it was decided to relocate CardioBoxing classes from the Sports Lounge into the Sports Hall. A more durable motorised divider curtain to separate the 2 basketball courts was installed so that we could conduct the group exercise classes safely without interference from stray balls on the adjacent court. URAC also invested in a new audio system for the Sports Hall to assist with the Group Exercise classes and as per the OH&S requirements for the instructors to communicate to larger class numbers. Whilst these investments were costly initially, there are long term benefits in gaining N.R.G as a commercial tenant. The timing of these changes was excellent as the old divider curtain had outlived its useful life and was due for replacement, and CardioBox classes were ready for expansion.

N.R.G Dance Studios enjoyed great success in their first year of operation at URAC which led to increased hire of facilities, such as the Rejuvenate room and even the Sports Hall for rehearsals. This has further strengthened the relationship between URAC and N.R.G Dance Studios. By late 2007 the success of the venture was such that further improvements and room hire were required to accommodate their 2008 bookings. The venture has really been a success for both organisations with N.R.G Dance Studios gaining access to good facilities and URAC gaining a good long term tenant. Additionally the venture benefits UOW's Community Engagement objectives by attracting members of the community who had never before seen or heard of our facilities prior to visiting N.R.G Dance Studios.

## **Wollongong Coerver Academy/NSW Football/Wollongong FC (Glenn Fontana)**

As principal of Wollongong's largest and most respected football coaching clinics, Glenn Fontana has maintained his use of our ovals throughout 2007 and he is one of our highest volume users. Glenn's football clinics and holiday training camps bring hundreds of young footballers onto our grounds every year and in a similar vein to the N.R.G Dance Studios, our relationship with Glenn continues to be mutually beneficial. As the clinics are conducted for children, the wear and tear on the ovals is not as significant as with other users.

## **St George Illawarra Dragons**

The Dragons conducted their summer preseason camp at URAC in 2007, as they have for many years. Whilst the majority of their work was done on our ovals, they appreciated the convenience of having a quality facility that includes a pool, health club and meeting rooms in one location. The timing of their preseason visit is convenient to URAC over the summer recess period, when there are fewer students on campus and parking was not a major issue. Throughout the season the Dragons medical staff utilised the Health Club and Pool facilities for the rehabilitation of their players living in the local area.

The strong rapport between URAC and the Dragons has led to the exposure of our facilities to several other NRL teams that visit the area. Other teams that used URAC facilities in 2007 were:

- North Queensland Cowboys
- Gold Coast Titans
- Auckland Warriors
- Wests Tigers.

Sporting teams from other national codes also chose URAC as their training venue during their visits to Wollongong. These teams were the Sydney Swans (AFL) and NSW Waratahs (Super 14 Rugby).



## Facilities Statistics

2007 was not too dissimilar to 2006 in regard to occupancy or usage in most areas other than tennis which suffered a significant decrease in bookings. The cause of the downturn in the tennis bookings was mainly weather related, or may coincide with the popularity and success of the sport nationally, however we are looking at the possibility of increasing our own tennis coaching and promotion in the future through either an external or internal coaching contract arrangement.

There was a slight decrease in the use of the sports hall due to the Illawarra District Netball Association cutting back their use from 2 nights per week to one. While some of those booking times were picked up by casual users the significant reduction in actual income is due to the fact that PE have not yet been charged for their use for lecturing purposes.

### Facility usage (hours per annum)

	2006	2007	% Diff
Sports Hall	7931	7442	-6%
Ovals	3030	3174	5%
Hockey	780	788	1%
Squash Courts	6996	6559	-6%
Tennis Courts	4669	3514	-25%
Rooms	4063	6935	71%

### Facility Income

	2006	2007	% Diff
Sports Hall	\$60,890	\$44,157	-27%
Rooms	\$15,993	\$16,931	6%
Ovals	\$35,769	\$36,511	2%
Hockey	\$18,781	\$22,953	22%
Squash	\$41,836	\$42,460	1%
Tennis	\$32,418	\$23,959	-26%

**Matthew Rodgers**  
**Facilities Manager**

## **Health and Fitness Report**

2007 heralded in a period of transition for the URAC Health & Fitness team. The Australian fitness industry is rapidly shifting its focus from 'just being providers of fitness' to a more holistic approach aimed at impacting individuals' health through increased activity levels through a diverse range of organised activities. In 2007 URAC effected changes in line with the new industry focus in order to better meet the challenge of impacting members' lives positively.

### **Staffing**

In 2007 major changes occurred in the staff structure for Health and Fitness. Claire Rayner was appointed to the role of Health & Fitness Manager, and Sharyn Cahill took over the role as Acting Group Exercise Co-ordinator while Kim Faulkner was on maternity leave. Sharyn has since been appointed permanently to this role. Significantly, there was also a major shift of casual hours to permanent part-time roles. This change was designed to give members greater consistency and familiarity with Health & Fitness staff. This is in line with URAC's strategy to engage better with its members and improve customer satisfaction levels.

Investment in staff development continued in 2007 with staff successfully attending a diverse range of practical workshops including boxing for fitness, yoga/pilates as well as specific Personal Training seminars. Claire also attended the first Health Productivity Management Congress held in Australia. This was attended by the NSW Health Ministers as well as CEO's from the large corporations such as Bluescope and Rio Tinto. This congress had a focus of improving the health of the Australian workforce and increase productivity of the Australian economy. Many of the principles addressed at the conference can be transferred to University of Wollongong, and improving the health and wellness of the campus community will continue to be a main focus of URAC in 2008.

### **Health Club**

With the change of focus to enhance the overall health, fitness and wellness of our members, we aimed to create a "Health" and "club" feel to URAC. A re-design to the Gym Floor in early 2007 to make the club feel less intimidating to beginner exercisers as well as females was successful. Further changes have enhanced the appeal of the club to attract a diverse range of users and not just weight training enthusiasts. The inclusion of Personalised Programs with updates every 8 weeks for Gold Pass holders was another change demonstrating our commitment to the health of our members and helping them achieve their health and fitness goals. This additional service within the Gold Pass is arguably the best value for money at any Health Club in the Illawarra.

### **Personal Training**

In late 2006 and early 2007 we formally introduced a Personal Training service at URAC. This was in line with an increase in the number of members presenting with lifestyle related diseases (e.g. elevated cholesterol, hypertension, weight management issues) and their requirement for specialist one-to-one intervention. This specialised service helps members address many aspects of their health, and has resulted in many members significantly improving their lifestyles in a holistic way, and maintain it! Our client base rose from 6-7 clients in December 2006 with an end of year revenue of \$4655.00, to an astonishing 35-40 clients, with a revenue of over \$22, 000.00 by December 2007. This program was able to achieve these results with no external marketing, relying only on internal promotion within the centre. We anticipate that this program will continue to demonstrate growth and with our excellent team of Trainers, we expect further success stories and greater revenue in 2008.

### **Elite Sports**

URAC continues to be a preferred training facility for NSW Institute of Sport and Illawarra Academy of Sport elite athletes. We continue to develop a professional relationship with these organisations and are viewed as having professionals in the field of Strength and Conditioning. URAC staff are actively involved in Fitness Testing as well as Exercise Prescription for these athletes and teams.

### **Equipment**

In late 2007, our cardio equipment was coming up to 5 years of service and members and staff were dealing with frequent maintenance call outs. The progress of the new Innovation Centre Health Club (iC Health: proposed launch in 2008) offered the opportunity to negotiate an attractive combined purchase with Life Fitness, which will result in both facilities being amongst the first clubs in

Australia to install the new Inspire range of equipment. We hope our members will be impressed with the equipment in mid 2008.

### Member Retention

The challenges brought about by the introduction of VSU necessitated a greater focus on retention of current members in addition to the recruitment of new members. Utilising the skills of our Membership Consultant, we devised processes to better service members at every stage of their membership: introductory tours, 1<sup>st</sup> visit follow up calls, courtesy calls, welcome emails, and follow up messages for non-attendees. In conjunction with this, our partnership with the Zento customer service and sales training organisation delivered industry specific training to the Health & Fitness team to improve their customer service skills. We look forward to these strategies producing good customer satisfaction and membership ratings in 2008.

### Comparisons of Gold Passes, Multi-visits and Casual visits

	12mth GP	6mth GP	Family GP	Multi-Visit P	Casual Visits
2006	1362	1191	116	1779	16662
2007	1107	1394	111	1859	22177

There was a slight decrease in 12 month Gold Passes but a commensurate rise in 6mth Gold Passes, potentially showing a trend where students are purchasing 'session' passes over 'annual' passes. The multi visit passes increased slightly but URAC's aim will be to convert these users to Gold Pass holders in 2008.

### Group Exercise Program

#### Changes

The main changes that occurred in 2007 to the Group exercise program were:

- Timetable changes to prevent customer traffic congestion at Reception at peak times. The use of staggered timeslots for the most popular evening classes was adopted successfully.
- CardioBox and BodyBlast were moved to the Sports Hall to enable increased usage of the Sports Lounge by NRG Dance Studios. This also enabled us to increase class sizes from 20 to 30 participants per class.
- New mirrors and a stage in Rejuvenate to enhance the experience for patrons of 'mind & body' classes
- 4 successful Les Mills Launches

### Major objectives

- To increase the overall participation rate to 70% across the year
- To maximise participant satisfaction with the program and;
- To decrease the number of people turned away from classes.

### Overall Participation and Attendance Rates

	Attendance	Participation Rate
2006	33722	56%
2007	32793	51%

The participation rate at URAC appears has declined in line with the decline experienced overall in Gold Pass membership subscriptions The factors contributing to the decline include:

- Additional classes were added to the timetable in Session 2 to cater for the increased demand experienced in Session 1. This served to lower the participation rate.
- The lack of a common lunch hour at the University resulted in fewer numbers of students attending classes at the traditional 12.30 pm slot when many popular classes were scheduled.
- The overall impact of VSU and the resultant decrease in URAC's membership base contributed to a general decline in patronage.

Another objective was to maximise customer satisfaction. The annual Group Exercise Program survey was conducted and the major findings were.

- Attendance: Students (56%); Staff (14%); Community Members (28%)
- The quality of Instructors was ranked above 90% in all the following areas: motivation, professionalism, class structure, knowledge and presentation.

The results indicate that overall Group Exercise participants continue to be satisfied with the delivery of the Group Exercise Program.

In 2006, a large number of people were not accommodated due to full capacity classes. Additional timeslots and classes were added to the timetable in 2007 to meet this demand and to eliminate customer dissatisfaction.

This strategy was successful in reducing the number of people not being able to participate in Group Exercise Classes.

#### **Number of people not accommodated Group Exercises Classes**

	<b>Session 1</b>	<b>Session 2</b>
<b>2006</b>	209	238
<b>2007</b>	89	36

Despite the overall participation rate declining from 2006 to 2007, the level of satisfaction among the participants is high and the total number of participants serviced marginally reduced.

We will be aiming to increase our participation rate in 2008, with further adjustments to the timetable. We will also be implementing a better communication tool with the members forming the 'Group X Club', aimed at providing monthly emails on promotions and events that happen throughout the year and further enhancing the "Club Feel" of URAC.

#### **Outdoor and Leisure Courses**

Participation rates for these courses have been declining since 2005, due to many external providers now targeting students directly to service their recreational needs. In the past URAC acted as the facilitator between these companies and students to be able to provide the student with the easiest access to these recreational pursuits.

#### **Leisure and Outdoor Courses participant rates Session 1, 2007**

<b>Street Latin</b>	20 (67% full)
<b>Belly Dancing</b>	13 (65% full)
<b>Self Defence &amp; kickbox</b>	8 (40% full)
<b>Pilates and Mat work</b>	4 (20% full)
<b>Tennis correction</b>	7 (70% full)
<b>Learn to Play Tennis</b>	7 (70% full)
<b>Adult Learn To swim</b>	7 (100%)
<b>Scuba Diving</b>	2 (25% full)

We held these courses in Session 1 of 2007 but lack of participation led to URAC only focusing on high priority courses in Session 2, which were Adult Learn to Swim and Scuba Diving. We trialled 1 day workshops in both Belly Dancing and Yoga and these were received positively, and may be an option for continuation in 2008. Lee Murray, qualified in Tennis Coaching, was forwarded all tennis enquiries. Resources spent organising these courses are now being used to focus on the development of Health and Wellness programs for staff, students and members. We are looking forward to running the first UOW Staff Health and Wellness program in 2008, with educational seminars as well as Health Checks to be conducted across all UOW faculties.

**Claire Rayner**  
**Health & Fitness Manager**



## Aquatic Centre Report

Operating within the new VSU environment the Aquatic Centre has had another exceptional year of income growth, with a record year. Unfortunately costs have also increased with an approximately 50% increase in electricity energy charges and wage creep also contributing. The increased emphasis on OH & S requirements for greater duty of care and supervision has also put pressure on maintaining wages to an acceptable level while still providing adequate supervision. There are obviously many challenges to be faced in this new financial environment but just as obviously, many more opportunities for new and novel thinking to overcome those challenges.

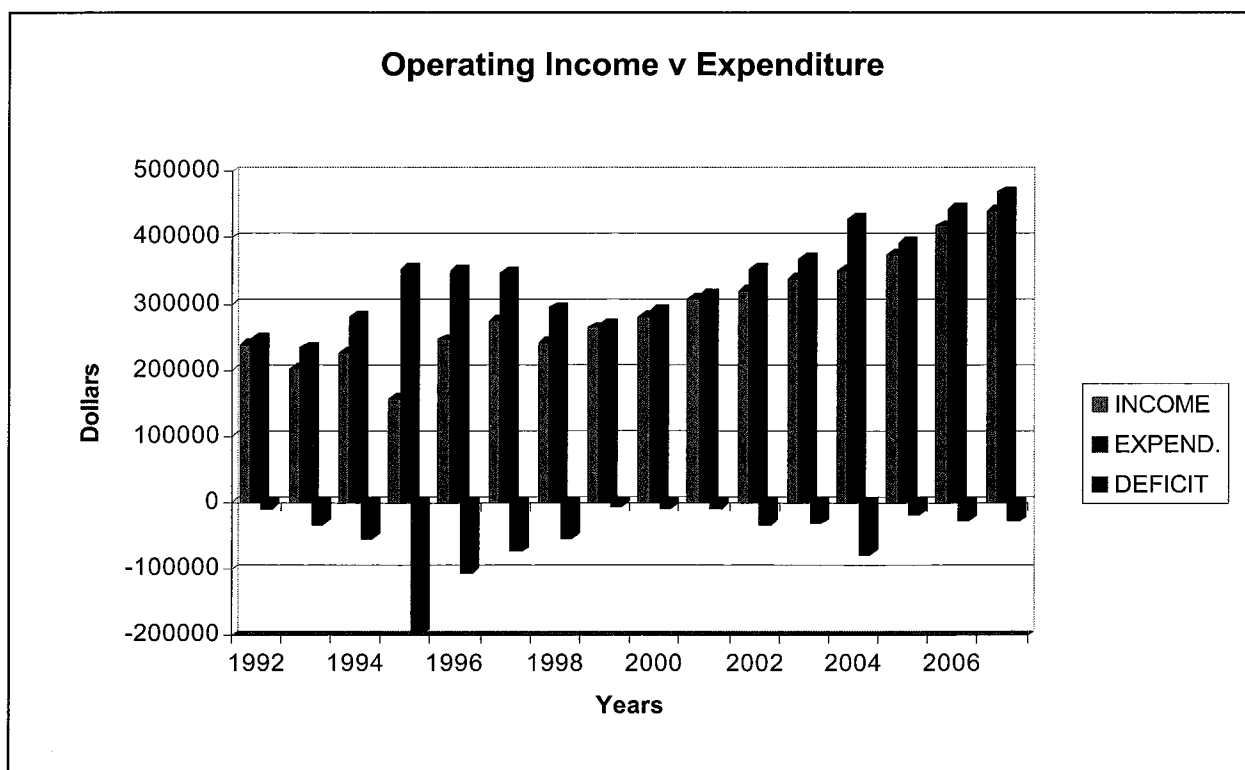
### Finance

The table and graph below outline the Aquatic Centre's performance over the last 16 years. It shows that even given the challenges of reduced funding, increasing entry fees, rationalising of some programs, the disappearance of the common lunch hour, increased pressure on available parking and access for the public we are still trending upwards for income (and expenditure).

### AQUATIC CENTRE OPERATING INCOME AND EXPENDITURE COMPARISONS OF ANNUAL TOTALS

	1992	1993	1994	1995	1996	1997	1998	1999
<b>Income</b>	\$ 239,083	\$ 201,942	\$ 227,756	\$ 156,872	\$ 246,209	\$ 274,728	\$ 242,986	\$ 264,552
<b>Expenses</b>	\$ 248,134	\$ 234,132	\$ 281,659	\$ 353,379	\$ 350,485	\$ 347,646	\$ 294,647	\$ 269,981
<b>Deficit</b>	\$ 9,051	\$ 32,190	\$ 53,903	\$ 196,507	\$ 104,276	\$ 72,918	\$ 51,661	\$ 5,429

	2000	2001	2002	2003	2004	2005	2006	2007
<b>Income</b>	\$ 281,582	\$ 307,475	\$ 320,971	\$ 337,404	\$ 350,453	\$ 375,234	\$ 418,180	\$ 441,808
<b>Expenses</b>	\$ 290,166	\$ 315,425	\$ 352,470	\$ 367,970	\$ 427,667	\$ 391,893	\$ 443,858	\$ 469,691
<b>Deficit</b>	\$ 8,584	\$ 7,950	\$ 31,499	\$ 30,566	\$ 77,213	\$ 16,659	\$ 25,678	\$ 27,883



## **Aquatic Programs**

### Learn to Swim

The Uni Swim School has been a profitable program even though the range of classes offered has been reduced. Our customers continue to provide positive feedback, identifying the Aquatic Centre environment, cleanliness and professional friendly staff as key components to their decision to patronise our Learn to Swim classes. As with all our programs, access to URAC with restricted parking is the greatest complaint we receive. We will be continually monitoring the profitability of the program and investigating alternative methods of delivery as the year progresses.

### Swim For Fitness (SFF)

URAC staff have continued to maintain a high interest and involvement in this program. Jamie Turner, in particular, has been a real leader in developing SFF and encouraging a new cohort of enthusiastic participants. Unfortunately for 2008, he will be very involved in the preparation of international triathletes for the Olympics so he will be overseas for most of the year.

### Schools

A variety of programs have been successfully run for schools again this year. These have included water polo, learn to swim, stroke correction, life saving, aqua exercise, swimming carnivals and fun days. Assistant Aquatics manager, Mark Scott, has been very proactive in contacting the schools in our area and informing them of the opportunities for activities and programs. Swim carnivals seem to be heading towards more competitor-only carnivals which of course reduces the numbers attending and thus our income. Most of the other programs seem mostly dependant on the enthusiasm of the head teachers at the individual schools to drive the involvement of the school and the more onerous OH & S requirements, thus making it more and more difficult to organise off-school activities.

### **Bookings**

Lane hire year-round with Ron McKeon Swim Squads utilising any available space has provided a valuable income stream. The other local outdoor council pools also being heated now limits our potential to attract other squads through winter so we are in some ways very dependant on the continuing relationship with Ron. We also provided a competition or training base for a number of national, state and regional swimming, water polo, underwater hockey and triathlon groups here. Casual bookings continue for a range of user groups including scuba groups, schools, professional & amateur sports teams, emergency services, surf clubs, scout and guides groups.

### **Maintenance issues**

A preventative maintenance program will ensure that we maintain the Aquatic Centre as a safe, clean facility. This will have to continue within the constraints of a much more financially pressured operation. Ageing plant and equipment will be maintained rather than replaced where capital funding for replacement is not available. The pool is well overdue for a new boiler, as well as draining and expansion joint replacement, but with the environmental and financial issues attendant to both, they will be delayed for the foreseeable future.

### **2008 and beyond**

With prices inching closer to commercial rates, the level of aquatic services competition becomes much more even. Our challenge will be to still provide a superior facility and staff, as well as novel programs which separate us from our competitors.

Access to both internal and external users is being severely limited by parking unavailability. The "pay and display" spaces in the ovals and northern car parks have helped to some degree. Programs such as swim school and swim for fitness, and use of the centre for school groups, are most at risk and will require novel interventions to maintain or improve the current levels of use. With the construction of Stage 10 with 126 dedicated URAC car parking spaces, these problems may be somewhat alleviated.

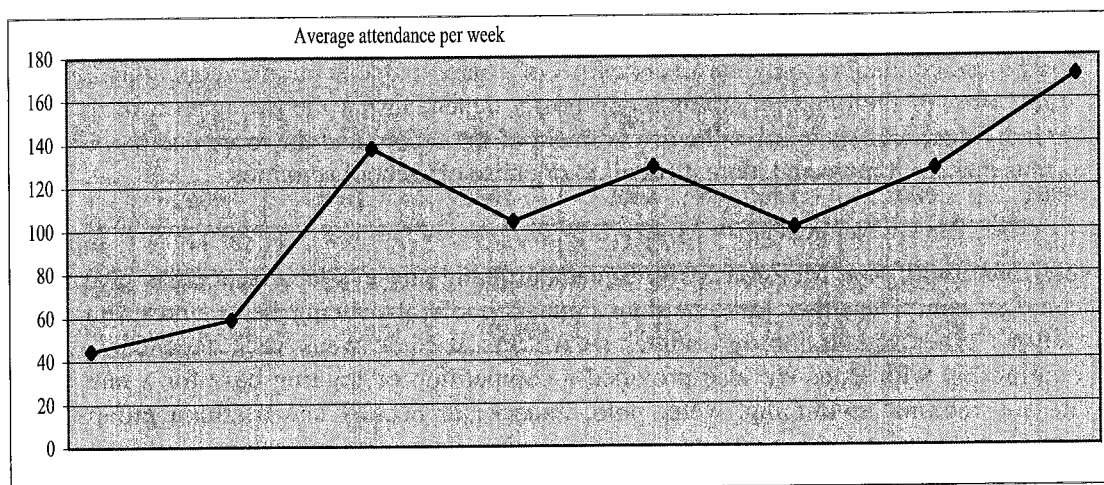
**Bruce Power**  
**Aquatics Manager**

## Sports Programs Report

### Holiday Sport Camps

Camps are the success story of the Programs department, with a steady participation increase through implementation of intelligent marketing techniques, and an ability to be flexible and adapt to the children's needs while still applying current coaching trends. This particular program has now been operating at a profit for URAC since July 06 when changes were implemented, and this year alone has created \$11,000 in direct income alone.

Holiday period	Total attendance	avg per week
January-06	133	44
April-06	118	59
July-06	276	138
October-06	208	104
January-07	387	129
April-07	202	101
July-07	256	128
October-07	342	171



### Tennis Coaching

A new concept, this program started in mid-2007 to generate increased income from the tennis courts. The benefits to URAC are the lessons are absorbed into programs staff current hours, so profit margins are high. Lessons are charged at \$20 per half hour or \$40 per hour, which makes this the cheapest rate in the region if not the State, so benefits to members are also high. The question now is whether to advertise and build a bigger base or out-source the coaching to an external provider.

Lessons	1 hr lessons	.5 hr lessons	Total Income
34	6	28	\$800

### Birthday Parties

A concept that has been around without major success until the end of last year (07), this year has proven to be a market that the local community will frequent. This program is also a great opportunity to cross promote swim school, Holiday Sports Camps and other URACs facilities.

Parties	Income	Wages expenses	Other Expenses	Surplus
11	\$1,768	\$825	\$440	\$503

### **Conferences**

Conferences have grown into a formidable income earner with a high profit range of a little over 50% for URAC this is another program going from strength to strength based on service, professionalism and reliability. Three companies have signed to deal exclusively with URAC for all corporate and team building events thus securing and generating a future income for URAC.

Year	Conferences	Income	Wages expenses	Surplus
2006	3	\$1,275	\$825	\$450
2007	7	\$6,700	\$3,850	\$2,850

### **Unigames**

3 teams attended the East Coast Challenge at UNSW. A number of individuals attended cross country athletics (men's event won by UoW's Lennon Wicks), and snow ski AUC events, and 173 student athletes attended the biggest ever AUG held on the Gold Coast. Results were very poor and many teams will struggle unless they take the event more seriously.

### **Sports Clubs**

Only 9 clubs remain active without subsidies, and they continue to struggle with higher user charges for facilities, as well as registrations, insurance and equipment costs. Fund raising remains difficult, yet on field performances remain excellent, with hockey, cricket and rugby union all having very good years.

**Lee Murray**

**Acting Programs Manager**



**University of Wollongong  
Recreation & Aquatic Centre Limited  
ABN 99 082 907 382  
Financial report  
for the year ended 31 December 2007**

**University of Wollongong  
Recreation & Aquatic Centre Limited**

**Directors' report**

The Directors present their report together with the financial report of University of Wollongong Recreation and Aquatic Centre Limited ("The Company") for the year ended 31 December 2007.

**Directors**

The Directors of the company at any time during or since the financial year are:

**Name and qualifications**

**Experience and special responsibilities**

Prof John Patterson *MSc Oregon, MEd Syd, EdD N Colorado, FAICD, FACHPER*  
Appointed Director in June 1998

Executive Chair, since November 1998  
Deputy Vice-Chancellor (Operations), University of Wollongong

Cheryl Battaerd, *B.Ed*  
Appointed Director in June 1998

NSW State Manager, Active After-School  
Communities Australian Sports Commission

Prof Don Iverson *B.Sc Nth Dak, M.Sc Ph.D Oregon*  
Appointed Director in October 2001

Dean, Health and Behavioural Sciences at  
University of Wollongong

Peter Maywald *B.A*  
Appointed Director in November 2001

Faculty Executive Officer, Faculty of Health &  
Behavioural Sciences at University of Wollongong

Michael Kelly *B.A, LLB, GDLP*  
Appointed Director in May 2002

Project Manager – Carrick Institute Schemes &  
Initiatives Centre for Educational Development and  
Interactive Resources (CEDIR)  
University of Wollongong

Paul Manning, *B.ED (Syd), M.Mgmt FAICD,*  
Appointed Director in June 1998

Executive Director and Company Secretary,  
University of Wollongong Recreation and Aquatic  
Centre Limited

Canio Fierravanti *B.Comm*  
Appointed Director in October 2001

Group Manager Public Affairs at University of  
Wollongong

Murray Reid *FCA, B.Comm*  
Appointed Director in June 1998

Principal of RM Chartered Accountants, Fellow of  
the Institute of Chartered Accountants.

Diane Harland (nee Riddiford) *B.Ed M.Sc (Hons)*  
Appointed Director in June 1998

PhD student, Health & Behavioural Sciences at  
University of Wollongong

Dr Paul Webb *DipPhysEd GradDipSpEd, BEd, Tas CAE, MH Kinetics Windsor, MSc PhD Oregon*  
Appointed Director in June 1998

Senior lecturer, Faculty of Education at University  
of Wollongong

### **Directors' meetings**

The number of Directors' meetings held and number of meetings attended by each of the Directors of The Company during the financial year are:

<b>Director</b>	<b>Directors' meetings</b>	
	<b>A</b>	<b>B</b>
Professor John Patterson	4	5
Cheryl Battaerd	4	5
Professor Don Iverson	3	5
Peter Maywald	4	5
Paul Manning	5	5
Canio Fierravanti	2	5
Murray Reid	4	5
Diane Harland	5	5
Dr Paul Webb	4	5
Michael Kelly	3	5

*A – Number of meetings attended.*

*B – Reflects the number of meetings held during the time that the director held office during the year.*

### **Principal activities**

The principal activity of The Company during the course of the year was the provision of aquatic and recreation facilities to the University community and the general public. There were no significant changes in the nature of the activities of The Company during the year.

### **Results**

The operating deficit after income tax of The Company for the year amounted to \$930,247 (2006: \$474,767).

### **Dividends**

Dividends are not payable by companies limited by guarantee. Therefore no dividends were declared or paid during the year (2006: nil).

### **Review of operations**

The most significant event for URAC in 2007 was the confirmation of major capital works with the announcement of \$4.6m in federal government funding in March. In conjunction with \$2m from the University, there will now be a 3 court multi-purpose sports centre built in 2008, complete with under building car park. In addition to this announcement came confirmation in September that the University had been successful with another \$2m in grants, which will see massive renovation of the Oval 1 precinct. These improvements will include, covered grandstand, renovated change rooms, irrigation/drainage and re-turfing, new picket fence, and major floodlighting installed. It is expected these projects will be operational by 2009, and generate income to offset the loss of compulsory fees.

On a more somber note, 2007 was also the first year without a compulsory fee income, and many strategies to promote voluntary membership were implemented. Although some income areas were only down slightly on 2006 levels, the altered spending patterns established have had a negative effect on income, notably the second half of the year that must be arrested immediately. Students in particular have reacted to the higher charges and the lack of automatic membership by purchasing 6 month products in February/March and then not renewing these products in September. Overall the result was disappointing, with Health and Fitness providing the only reasonable return.

Income was affected by a number of factors, most of which were a direct result of the introduction of VSU. In raising prices and “adding on” the new voluntary fee, URAC staff noticed a reluctance in students to pay for 12 month memberships that they perceived had risen from \$250 to \$425. External customers showed the opposite reaction, as this price was still significantly below market rates at any local facility, none of which can compare to the range and quality of the facilities URAC provides. Weather also played a part, with 5 weeks of weekend sport cancelled in June, and this made significant impact on ovals and tennis income.

Rental return also improved significantly but only due to a large increase in rental charges by URAC and passed on to tenants, wherever possible. Despite this increase, every possible space was utilised, with the following internal and external groups:

• Health & Behavioural Science Faculty	394 sq m
• Education Faculty	110 sq m
• Tennis NSW	14 sq m
• AFL Development NSW/ACT	14 sq m
• NSW Triathlon/NSWIS	14 sq m
• Centre for International Education exchange (CIEE)	14 sq m
• Pool Unique Café	78 sq m
• National Australia Bank (ATM)	2 sq m

In addition to the above, NRG Dance Studio took up an option to access space within the building on a fixed term basis. The year included the continued hosting of PE equipment and staff, the St George Illawarra Dragons summer training program, and agreements reached to continue servicing local athletes from NSWIS. URAC also agreed to assist the University to meet its obligations as a member of the “Elite Athlete Friendly University Network” after agreement was made with the AIS.

The most significant changes were those in the planning area, with URAC Board and staff continuing the Australian Business Excellence Framework process, including as second extensive self-assessment, customer needs analysis, customer service training and focus groups. This process will lead to a benchmarking and planning format that will ensure URAC remains at the forefront of fitness, sport and recreation delivery.



## **Environmental management**

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the company.

## **Events subsequent to balance date**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of The Company, to affect significantly the operations of The Company, the results of those operations, or the state of affairs of The Company, in future financial years.

## **Likely developments**

A long-standing proposal for a 3,500 sq m 3 court sports facility known as "Stage 10" became reality in March, with the announcement of \$4.6m in federal government funding from the "VSU Transition Fund", which is targeted at University sports facility development with a community focus. The University has confirmed an additional \$2m within the 2007-9 Capital Management Plan, with potential for air conditioning, additional car parking and a variety of other 'fit out' options to ensure the project's economic viability. Planned completion is now December 2008.

In 2007 the University agreed that URAC should be the provider of health and fitness services on the new Innovation Campus, with opening due to occur in June 2008. Agreement was reached on financial support to assist URAC to provide the best possible fitness centre during the start up phase, immediately servicing the needs of the new tenants, the residents at adjacent Campus East, and the general population in the surrounding community.

## **Directors' emoluments**

During the financial year ended 31 December 2007, no director of The Company has received or become entitled to receive a benefit (other than a benefit disclosed in Notes to the financial statements) by reason of a contract made by The Company or a related corporation with a director or firm of which a director is associated.

## **Indemnification and insurance of officers**

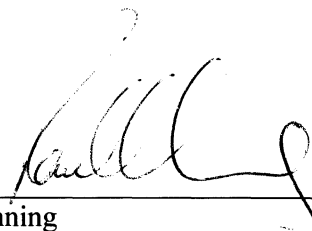
### ***Indemnification***

The University of Wollongong carries insurances to indemnify officers and directors of The Company. The University of Wollongong charges the company on an annual basis for this service.

Signed in accordance with a resolution of the directors.



Prof John Patterson  
Director



Paul Manning  
Director

Dated at Wollongong this 2<sup>nd</sup> day of April 2008.

**University of Wollongong  
Recreation & Aquatic Centre Limited**

**Certificate under the Section 41C (1C) of the Public Finance and Audit Act 1983,  
for the financial year ended 31 December 2007**

The accompanying financial statements have been prepared in accordance with the requirements of the Public Finance and Audit Act 1983, Public Finance and Audit Regulations 2000, and applicable Accounting Standards.

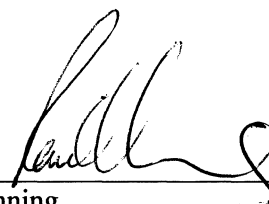
In our opinion the statements exhibit a true and fair view of the financial position of The Company for the year ended 31 December 2007 and the transactions for the period then ended.

The directors are not aware of any circumstances, as at the date of this certificate, which would render any particulars to be misleading or inaccurate.

Signed in accordance with a resolution of the directors.



Prof John Patterson  
Director



Paul Manning  
Director

Dated at Wollongong this *2<sup>nd</sup>* day of *APRIL* 2008.

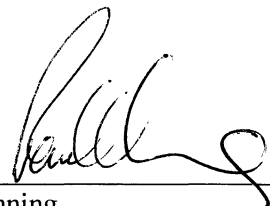
**University of Wollongong  
Recreation & Aquatic Centre Limited  
Directors' Declaration**

In the opinion of the Directors of The University of Wollongong Recreation and Aquatic Centre ('The Company'):

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
  - Giving true and fair view of the financial position of The Company as at 31 December 2007, and of their performance as represented by the results of its operations and their cash flows, for the year end on that date; and
  - Complying with the Australian Accounting Standards and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that The Company will to pay its debts as when they become due and payable.

Signed in accordance with a resolution of the directors.

  
\_\_\_\_\_  
Prof John Patterson  
Director

  
\_\_\_\_\_  
Paul Manning  
Director

Dated at Wollongong this <sup>2<sup>nd</sup></sup> day of April 2008.



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDITOR'S REPORT

### University of Wollongong Recreation and Aquatic Centre Limited

To Members of the New South Wales Parliament and Members of University of Wollongong Recreation and Aquatic Centre Limited

I have audited the accompanying financial report of University of Wollongong Recreation and Aquatic Centre Limited (the Company), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### ***Auditor's Opinion***

In my opinion the financial report of University of Wollongong Recreation and Aquatic Centre Limited:

- is in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the year ended on that date; and
  - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

#### ***Directors' Responsibility for the Financial Report***

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the PF&A Act and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### ***Auditor's Responsibility***

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

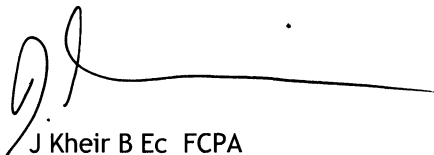
- about the future viability of the Company,
- about the effectiveness of its internal controls, or
- that it has carried out its activities effectively, efficiently and economically.

### ***Independence***

In conducting this audit, the Audit Office has complied with the independence requirements of the *Corporations Act 2001*. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of University of Wollongong Recreation and Aquatic Centre Limited on 31 March 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.



J Kheir B Ec FCPA  
Director, Financial Audit Services

2 April 2008  
SYDNEY



GPO BOX 12  
Sydney NSW 2001  
9275 7222  
D0810621/0868

Professor John Patterson  
Executive Chair  
University of Wollongong Recreation and  
Aquatic Centre Limited  
Northfields Avenue  
WOLLONGONG NSW 2522

2 April 2007

Dear Professor Patterson

## **STATUTORY AUDIT REPORT**

**For the Year Ended 31 December 2007**

**University of Wollongong Recreation and Aquatic Centre Limited**

I have audited the financial report of University of Wollongong Recreation and Aquatic Centre Limited (URAC) as required by the *Public Finance and Audit Act 1983* (the Act). This Statutory Audit Report outlines the results of my audit for the year ended 31 December 2007. The Act requires that I send this report to URAC, the Minister and the Treasurer.

My audit is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, there may be other matters of governance interest that did not come to my attention during my audit.

My audit is continuous and I may therefore identify new significant matters. If this occurs, I will write to you immediately.

This report is not the Independent Auditor's Report, which expresses my opinion on URAC's financial report. I have enclosed the Independent Auditor's Report, together with URAC's financial report.

### **Audit Result**

While I expressed an unmodified opinion on URAC's financial report, I did however, identify the following significant matter:

#### ***Appropriateness of Going Concern Assumption***

In order to prepare its accounts on a going concern basis, we requested the University of Wollongong to issue a letter of support in respect of URAC. The letter states that the University is committed to supporting the ongoing development of URAC and as such, if required, will provide financial support and assist the company in its ongoing activities.

The operations of URAC were heavily impacted by the change to voluntary student unionism introduced by the Federal Government. Revenue from student membership fell substantially, resulting in an operating loss of \$930,247 for the year (\$474,767 profit in 2006). This loss, together with an unfavourable liquidity ratio (current liabilities compared to current assets), as well as projected losses over the next few years, had called into question the ability of URAC to continue as a going concern.

### ***Ensuring Appropriate Cut-off***

The initial financial report contained misstatements in revenue due to the early closure of the URAC financial system. URAC closed their financial system on the 18 December and had not accrued the revenue earned between that date and the end of the year. URAC amended their financial report for this error.

### ***Capitalisation of Asset Costs***

URAC amended their initial financial report for expenditure which audit deemed should have been capitalised rather than being expensed in the current year. This expenditure related to the overhaul of a shower change room and the purchase of a new point of sale software system.

### **Misstatements in Financial Report**

The financial report initially submitted to the Auditor-General contained material misstatements as listed in the attached appendix. This delayed the audit and increased audit costs.

The financial report has been adjusted for these material misstatements, however it does contain immaterial misstatements as listed in the attached appendix.

### **Compliance with Legislative Requirements**

My audit procedures are targeted specifically towards forming an opinion on URAC's financial report. This includes testing whether URAC has complied with legislative requirements that may materially impact on the financial report. The results of the audit are reported in this context. My testing did not identify any material instances of non-compliance.

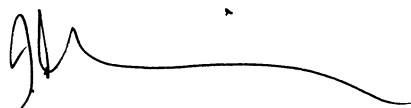
### **Auditor-General's Report to Parliament**

As I have not identified any significant matters, commentary on URAC's financial operations will not appear in the Auditor-General's Report to Parliament. Appendix 1 to that Report will advise the audit result for URAC.

### **Acknowledgment**

I thank URAC's staff for their courtesy and assistance.

Yours sincerely



J Kheir  
Director, Financial Audit Services

## MISSTATEMENTS IN FINANCIAL REPORT

The financial report URAC initially submitted to the Auditor-General contained material misstatements as listed in the table below. This delayed the audit and increased audit costs.

As required by the Act, URAC had to request the Auditor-General's approval to amend the financial report. Management will need to implement additional review procedures next year to avoid this reoccurring. This will be reported in the management letter.

### *Corrected Misstatements*

Nature of Corrected Misstatements in order of significance Impacting the Financial Report	Impact on	
	Operating Result Increase/ (Decrease) \$	Net Assets Increase/ (Decrease) \$
Under-accrual of income for period 18 Dec-31 Dec 2007	48,648	48,648
Capitalisation of change room expenditure as building improvements	158,774	158,774
Depreciation on capitalised change room improvements	(6,614)	(6,614)
Capitalisation of new sales software	36,600	36,600
Depreciation on capitalised new sales software	(1,016)	(1,016)
Inclusion of AL & LSL provision for non-URAC employees	3,360	3,360
<b>Total impact on Financial Report</b>	<b>239,752</b>	<b>239,752</b>

Auditing Standards require that I report to you the following misstatements that management has determined are immaterial both individually and in aggregate to the financial report. From an audit perspective we agree with management's determination. Management must attach this schedule of misstatements to their Management Representation Letter.

These misstatements were discussed with Paul Manning, Executive Director and Ms Natalie Black, Administration and Taxation Accountant of the University of Wollongong.

### *Uncorrected Misstatements*

Nature of Uncorrected Misstatements in Order of Significance Impacting the Financial Report	Impact of error on	
	Operating Result Increase/ (Decrease) \$	Net Assets Increase/ (Decrease) \$
Unrecorded accruals	5,455	5,455
Incorrect discount rate used for LSL provision	(1,437)	(1,437)
<b>Total impact on the Financial Report</b>	<b>4,018</b>	<b>4,018</b>

We did not detect any significant disclosure deficiencies in the financial report which have not been subsequently amended for within the financial report.

**University of Wollongong  
Recreation & Aquatic Centre Limited  
Income Statement  
for the financial year ended 31 December 2007**

	<b>Note</b>	<b>2007</b> \$	<b>2006</b> \$
<b>Income from continuing operations</b>			
Revenue from rendering of services	3(a)	1,879,477	3,202,063
Other income	3(b)	296,205	189,795
<b>Total revenue from continuing operations</b>		<u>2,175,682</u>	<u>3,391,858</u>
<b>Expenses from continuing operations</b>			
Employee expenses		1,621,096	1,405,557
Depreciation and amortisation expenses	4(a)	462,494	451,680
Borrowing costs	4(b)	8,247	8,363
Repairs and maintenance		235,027	374,998
Operating expenses		358,836	304,473
Utilities expenses		236,432	152,096
Other expenses		183,797	219,924
<b>Total expenses from continuing operations</b>		<u>3,105,929</u>	<u>2,917,091</u>
<b>Operating result before income tax</b>		(930,247)	474,767
Income tax expense	1(m)	<u>-</u>	<u>-</u>
<b>Operating result after income tax for the period</b>		(930,247)	474,767
<b>Operating result attributal to members of the entity</b>		<u>(930,247)</u>	<u>474,767</u>

The Income Statement should be read in conjunction with the notes to the financial statements set out on the following pages.

**University of Wollongong  
Recreation & Aquatic Centre Limited  
Balance Sheet  
as at 31 December 2007**

	Note	2007 \$	2006 \$
<b>Current assets</b>			
Cash and cash equivalents	6	68,022	638,190
Receivables	7	132,788	269,570
Other	8	2,718	1,888
<b>Total current assets</b>		<u>203,528</u>	<u>909,648</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	884,774	748,464
Intangible assets	10	35,584	
Occupancy contribution	11	4,934,240	5,212,509
<b>Total non-current assets</b>		<u>5,854,598</u>	<u>5,960,973</u>
<b>Total assets</b>		<u>6,058,126</u>	<u>6,870,621</u>
<b>Current liabilities</b>			
Payables	12	451,484	363,318
Interest bearing liabilities	13	-	18,573
Provisions	14	123,185	64,150
<b>Total current liabilities</b>		<u>574,669</u>	<u>446,041</u>
<b>Non-current liabilities</b>			
Provisions	14	33,995	46,969
Other liabilities	15	4,725	2,627
<b>Total non-current liabilities</b>		<u>38,720</u>	<u>49,596</u>
<b>Total liabilities</b>		<u>613,389</u>	<u>495,637</u>
<b>Net assets</b>		<u>5,444,737</u>	<u>6,374,984</u>
<b>Equity</b>			
Retained profits	16	5,444,737	6,374,984
<b>Total equity</b>		<u>5,444,737</u>	<u>6,374,984</u>

The Balance Sheet is to be read in conjunction with the notes to the financial statements set out on the following pages.



**University of Wollongong  
Recreation & Aquatic Centre Limited  
Cash Flow Statement  
for the financial year ended 31 December 2007**

	<b>Note</b>	<b>2007 \$</b>	<b>2006 \$</b>
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		2,173,811	3,344,196
Cash payments in the course of operations		(2,328,095)	(2,720,587)
Interest received		26,531	39,282
Borrowing costs paid		(7,491)	(5,518)
<b>Net cash provided by/(used in) operating activities</b>	<b>18(b)</b>	<u>(135,244)</u>	<u>657,373</u>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment and occupancy		(568,547)	(183,553)
Proceeds on disposal of non-current assets		152,196	70,336
<b>Net cash provided by/(used in) investing activities</b>		<u>(416,351)</u>	<u>(113,217)</u>
<b>Cash flows from financing activities</b>			
Proceeds of borrowings		-	-
Repayment of borrowings		-	-
Repayment of leases		(18,573)	(41,983)
<b>Net cash provided by/(used in) financing activities</b>		<u>(18,573)</u>	<u>(41,983)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(570,168)	502,174
Cash at the beginning of the financial year		638,190	136,017
<b>Cash and cash equivalents at the end of the financial year</b>	<b>18(a)</b>	<u><u>68,022</u></u>	<u><u>638,190</u></u>

The Cash Flow Statement is to be read in conjunction with the notes to the financial statements set out on the following pages.

**University of Wollongong  
Recreation & Aquatic Centre Limited  
Statement of Changes in Equity  
for the financial year ended 31 December 2007**

	<b>Note</b>	<b>2007</b> <b>\$</b>	<b>2006</b> <b>\$</b>
<b>Total equity at the beginning of the year</b>		<u>6,374,984</u>	<u>5,900,217</u>
<b>Operating result for the year</b>	18(b)	(930,247)	474,767
<b>Total recognised income and expense for the year</b>		<u>(930,247)</u>	<u>474,767</u>
<b>Total equity at the end of the year</b>		<u><u>5,444,737</u></u>	<u><u>6,374,984</u></u>

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on the following pages.

# **University of Wollongong Recreation & Aquatic Centre Ltd**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the Financial Year Ended 31 December 2007**

### **1. General Information**

The University of Wollongong Recreation & Aquatic Centre Limited (The "Company") is a company limited by guarantee. In the event that The Company is wound up, the members' liability is limited to One Dollar (\$1.00).

The Company is incorporated and domiciled in Australia. The registered address is:  
Northfields Avenue  
North Wollongong NSW 2522

The significant policies which have been used in the preparation of this financial report are detailed below.

### **2. a) Significant Accounting Policies**

#### **Statement of Compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005 and the Corporations Act 2001. The financial statements and notes of The Company do not comply with International Financial Accounting Standards ("IFRS") because The Company has adopted the 'not for profit' requirements in Australia.

#### **b) Basis of Preparation**

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis except that the liability for long service leave is adjusted to net present value.

The preparation of the financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the

revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 2(o).

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

### **c) Property, Plant and Equipment**

#### ***(i) Owned Assets***

Items of property, plant and equipment are stated at cost less accumulated depreciation. The cost of self constructed assets includes the cost of materials and direct labour.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

#### ***(ii) Occupancy Contribution***

From time to time the Company contributes to the cost of construction of buildings, their improvements and landscaping on land over which it has no security or tenure. These amounts are accounted for in the Balance Sheet as Occupancy Contribution, pursuant to an agreement reached with the University of Wollongong. The Occupancy Contribution is recognised as an asset as it gives The Company the right to occupy and use the buildings, and is amortised at a rate which The Company believes best reflects the expected useful life of such contribution.

#### ***(iii) Leased Assets***

Leases under which the Company assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

#### ***Finance Leases***

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

#### ***Operating Leases***

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

#### ***(iv) Subsequent Costs***

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

#### ***(v) Depreciation***

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each item of property, plant and equipment. The estimated useful lives are as follows:

##### ***Property, Plant and Equipment***

Occupancy Contribution	13 years to 36 years
Building Improvements	10 years
Computer Equipment	3 years
Plant & Equipment **	4 years to 10 years

***\*\* Plant & equipment includes the following sub categories: general equipment, unigym/unicircuit equipment, leased equipment, furniture and fittings, motor vehicles, pool equipment and hockey equipment.***

#### ***(vi) Acquisition of Assets***

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of consideration provided plus incidental costs directly attributable to the acquisition.

Expenditure, including that on internally generated assets other than research and development costs is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Items of plant and equipment less than \$5,000 are expensed as incurred.

#### **d) Trade and Other Receivables**

Trade and other receivables are stated at cost, less a provision for doubtful debts.

#### **e) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

#### **f) Interest-Bearing Borrowings**

Interest-Bearing Borrowings are recognised initially at fair value, and amortised over the life of the individual borrowing.

#### **g) Employee Entitlements**

##### ***Wages, Salaries and Annual Leave***

The provisions for employee entitlements to wages, salaries, and annual leave represent present obligations resulting from employees' services provided up to the balance date, calculated at amounts expected to be paid when the liabilities are settled.

##### ***Long Service Leave***

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attached to national government securities at balance date which most closely match the terms of maturity of the related liabilities. Leave is charged to the provision at the time leave is taken.

##### ***Superannuation Entitlements***

Contributions to employee superannuation funds are charged against income as incurred. The Company is under no legal obligation to make up any shortfall in the funds assets to meet payments due to employees.

#### **h) Provisions**

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### **i) Trade and Other Payables**

Trade and Other Payables are stated at cost, which is considered to approximate amortised cost due to their short term nature. Recognition of trade and other payables occurs when goods and services have been received and obligation to make future payments arises.

Trade and Other Payables are due for settlement no more than 120 days from the date of recognition for related parties are per University of Wollongong's policy.



## **j) Revenue**

### ***(i) Goods and Services Rendered***

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from rendering services is recognised when that service has been fully provided.

### ***(ii) Voluntary Student Unionism***

Voluntary Student Unionism payments are brought to account in the year to which the payments relate, and not necessarily the year in which the University of Wollongong or Illawarra Technology Corporation Ltd, which collect those payments on behalf of The Company, remit them to The Company.

### ***(iii) Rental Income***

Rental income is recognised in the income statement on a straight-line basis as it is charged to tenants in accordance with individual leases.

### ***(iv) Financial Income***

Interest income is recognised in the income statement as it accrues.

## **k) Expenses**

### ***Financing Costs***

Financing costs comprise interest payable on borrowings, which is recognised in the income statement as it accrues.

## **l) Goods and Services Tax**

Revenues, expense and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

## **m) Taxation**

The operations of The Company are exempt from income tax under Sections 50-45 and 50-5 of the Income Tax Assessment Act (1997).

The operations of The Company are exempt from payroll tax under Sections 10.1(k) and 10.2 of the Payroll Tax Act 1971.

#### **n) Impairment of Assets**

At each reporting date, The Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use.

#### **o) New Accounting Standards and Interpretations**

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2007 reporting periods. The Company's assessment of the impact of these new Standards and Interpretations is set out below:

(i) The Company did not early adopt any new accounting standards that are not yet effective.

(ii) The following new Accounting Standards have not been adopted and are not yet effective:

- AASB 8 Operating Segments (1 July 2009)
- Revised AASB 101 Presentation of Financial Statements (1 July 2009)
- Revised AASB 123 Borrowing Costs (1 July 2009)
- AASB 2007-4 Amendments to Accounting Standards arising from ED 151 and Other Amendments (1 July 2007)
- AI 12 Service Concession Arrangements (1 July 2008)
- AI 13 Customer Loyalty Programs (1 July 2009)
- AI 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements (1 July 2008)

The Company has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant. The Company will apply the above accounting standards in the reporting period they become effective.

	Note	2007 \$	2006 \$
<b>3 Revenue from continuing operations</b>			
<b>(a) Revenue from rendering of services</b>			
■ Trading income		1,627,039	1,625,340
■ Membership income		252,438	1,576,723
		<u>1,879,477</u>	<u>3,202,063</u>
<b>(b) Other income</b>			
Interest - other parties		26,531	44,439
Rent		144,201	100,079
Grants - related parties		125,473	59,000
Net loss on sale of non-current assets		-	(13,723)
		<u>296,205</u>	<u>189,795</u>
<b>Total revenue from continuing operations</b>		<u><u>2,175,682</u></u>	<u><u>3,391,858</u></u>
<b>4 Operating result before income tax</b>			
<b>(a) <i>Operating result before income tax has been arrived at after charging/(crediting) the following items</i></b>			
Depreciation:			
■ Property, plant and equipment		161,815	144,676
Amortisation:			
■ Occupancy contribution		278,269	278,269
■ Leased equipment		22,410	28,735
		<u>462,494</u>	<u>451,680</u>
<b>(b) Borrowing costs</b>			
■ Interest		7,852	6,307
■ Finance charges on capitalised leases		395	2,056
		<u>8,247</u>	<u>8,363</u>
<b>(c) Employee benefits expense</b>			
Contributions to superannuation schemes for 2007 \$147,706.			
<b>5 Auditors' remuneration</b>			
Audit of the financial report		13,250	11,770
		<u>13,250</u>	<u>11,770</u>
<b>6 Cash and cash equivalents</b>			
Cash on hand		3,100	3,100
Cash at bank		64,922	635,090
		<u>68,022</u>	<u>638,190</u>

	Note	2007 \$	2006 \$
<b>7 Receivables</b>			
Trade debtors		137,541	272,051
Less: Provision for doubtful debts		(4,753)	(2,481)
		<u>132,788</u>	<u>269,570</u>

**(a) Impaired receivables**

As at 31 December 2007 current receivables of the entity with a nominal value of \$38,449 (2006: \$14,503) were impaired. The amount of the provision was \$4,753.00 (2006: \$2,481). It was assessed that a portion of the receivables is expected to be recovered.

The ageing of these receivables is as follows:

3 to 6 months	-	-
Over 6 months	38,449	14,503
	<u>38,449</u>	<u>14,503</u>

As at 31 December 2007, trade receivables of \$107,400 (2006: \$200,064) were past due but not impaired.

3 to 6 months	32,845	132,630
Over 6 months	45,678	35,495
	<u>78,523</u>	<u>168,125</u>

Movements in the provision for impaired receivables are as follows:

As at 1 January	(2,481)	(3,178)
Provision for impairment recognised during the year	(2,272)	-
Receivables written off during the year as uncollectable	-	-
Unused amount reserved	-	697
	<u>(4,753)</u>	<u>(2,481)</u>

The creation and release of the provision for the impaired receivables has been included in 'other expenses' in the Income Statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

**8 Other current assets**

Prepayments	2,718	1,888
	<u>2,718</u>	<u>1,888</u>

	Note	2007 \$	2006 \$
<b>9 Property, plant and equipment</b>			
Building improvements - at cost		642,886	484,112
Less: Accumulated depreciation		(201,095)	(146,068)
		<u>441,791</u>	<u>338,044</u>
General equipment - at cost		326,499	309,295
Less: Accumulated depreciation		(165,335)	(174,279)
		<u>161,164</u>	<u>135,016</u>
Unigym/Unicircuit equipment - at cost		157,679	150,516
Less: Accumulated depreciation		(101,652)	(88,181)
		<u>56,027</u>	<u>62,335</u>
Leased gym equipment - at cost		307,961	307,961
Less: Accumulated depreciation		(307,961)	(285,551)
		<u>-</u>	<u>22,410</u>
Furniture and fittings - at cost		104,827	82,737
Less: Accumulated depreciation		(70,682)	(62,406)
		<u>34,145</u>	<u>20,331</u>
Motor vehicles - at cost		154,591	138,166
Less: Accumulated depreciation		(22,749)	(12,604)
		<u>131,842</u>	<u>125,562</u>
Computer equipment - at cost		48,063	72,182
Less: Accumulated depreciation		(47,736)	(66,981)
		<u>327</u>	<u>5,201</u>
Pool equipment - at cost		109,088	89,531
Less: Accumulated depreciation		(49,610)	(49,966)
		<u>59,478</u>	<u>39,565</u>
Hockey equipment - at cost		13,036	13,036
Less: Accumulated depreciation		(13,036)	(13,036)
		<u>-</u>	<u>-</u>
Total property, plant and equipment net book value		<u>884,774</u>	<u>748,464</u>

The recreation centre, pool centre, swimming pool, tennis courts and hockey field are erected on land made available by the University of Wollongong and in respect to which there is no formal lease or any other agreement.

	Note	2007 \$	2006 \$
<b>9 Property, plant and equipment (cont'd)</b>			
<b><i>Reconciliations</i></b>			
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:			
<b>Building improvements</b>			
Carrying amount at beginning of year		338,044	386,455
Additions		158,774	-
Depreciation		(55,027)	(48,411)
Carrying amount at end of year		<u>441,791</u>	<u>338,044</u>
<b>General equipment</b>			
Carrying amount at beginning of year		135,017	114,417
Additions		78,640	45,386
Disposals		(24,340)	(1,719)
Depreciation		(28,151)	(23,067)
Carrying amount at end of year		<u>161,166</u>	<u>135,017</u>
<b>Unigym/Unicircuit equipment</b>			
Carrying amount at beginning of year		62,335	78,216
Additions		11,465	-
Disposals		(2,314)	(1,199)
Depreciation		(15,459)	(14,682)
Carrying amount at end of year		<u>56,027</u>	<u>62,335</u>
<b>Computer equipment</b>			
Carrying amount at beginning of year		5,202	19,392
Additions		-	-
Disposals		-	-
Depreciation		(4,873)	(14,190)
Carrying amount at end of year		<u>329</u>	<u>5,202</u>
<b>Leased gym and equipment</b>			
Carrying amount at beginning of year		22,411	51,146
Additions		-	-
Disposals		-	-
Depreciation		(22,411)	(28,735)
Carrying amount at end of year		<u>-</u>	<u>22,411</u>
<b>Furniture and fittings</b>			
Carrying amount at beginning of year		20,329	35,991
Additions		22,090	-
Disposals		-	(6,284)
Depreciation		(8,276)	(9,378)
Carrying amount at end of year		<u>34,143</u>	<u>20,329</u>

	Note	2007 \$	2006 \$
<b>9 Property, plant and equipment (cont'd)</b>			
<b>Pool equipment</b>			
Carrying amount at beginning of year		39,566	52,650
Additions		36,580	-
Disposals		(5,983)	(3,900)
Depreciation		(10,685)	(9,184)
Carrying amount at end of year		<u>59,478</u>	<u>39,566</u>
<b>Hockey equipment</b>			
Carrying amount at beginning of year		-	82
Additions		-	-
Disposals		-	(41)
Depreciation		-	(41)
Carrying amount at end of year		<u>-</u>	<u>-</u>
<b>Motor vehicles</b>			
Carrying amount at beginning of year		125,560	93,624
Additions		173,325	138,166
Disposals		(128,718)	(80,507)
Depreciation		(38,327)	(25,723)
Carrying amount at end of year		<u>131,840</u>	<u>125,560</u>
<b>Total property, plant and equipment</b>			
Carrying amount at beginning of year		748,464	831,973
Additions		480,874	183,552
Disposals		(161,355)	(93,649)
Depreciation		(183,209)	(173,411)
Carrying amount at end of year		<u>884,774</u>	<u>748,465</u>



	Note	2007 \$	2006 \$
<b>10 Intangible assets</b>			
Computer equipment - at cost		36,600	-
Less: Accumulated depreciation		(1,016)	-
		<u>35,584</u>	<u>-</u>
<b>Intangible assets</b>			
Carrying amount at beginning of year		-	-
Additions		36,600	-
Disposals		-	-
Depreciation		(1,016)	-
Carrying amount at end of year		<u>35,584</u>	<u>-</u>
<b>11 Occupancy contribution</b>			
<b>Non-current</b>			
Occupancy contribution		7,403,809	7,403,809
Less: Accumulated amortisation		(2,469,569)	(2,191,300)
		<u>4,934,240</u>	<u>5,212,509</u>
<b>Reconciliation</b>			
A reconciliation of the carrying amount of occupancy contribution is set out below:			
<b>Occupancy contribution</b>			
Carrying amount at beginning of year		5,212,509	5,490,779
Additions		-	-
Transfers from capital works in progress		-	-
Amortisation		(278,269)	(278,270)
Carrying amount at end of year		<u>4,934,240</u>	<u>5,212,509</u>
<b>12 Payables</b>			
<b>Current</b>			
University of Wollongong		376,872	214,129
Other creditors		74,612	149,189
		<u>451,484</u>	<u>363,318</u>
<b>13 Interest bearing liabilities</b>			
<b>Current</b>			
Lease liabilities - secured/unsecured	17	-	18,573
		<u>-</u>	<u>18,573</u>

	Note	2007 \$	2006 \$
<b>(a) The Company has access to the following facilities:</b>			
Total facilities available:			
Bill acceptance facility		-	-
Leasing facility		200,000	199,985
Business credit card facility		50,000	50,000
		<u>250,000</u>	<u>249,985</u>
Facilities utilised at balance date:			
Bill acceptance facility		-	-
Leasing facility		-	18,573
Business credit card facility		50,000	50,000
		<u>50,000</u>	<u>68,573</u>
Facilities not utilised/(exceeded) at balance date:			
Bill acceptance facility		-	-
Leasing facility		200,000	181,412
Business credit card facility		-	-
		<u>200,000</u>	<u>181,412</u>
<b>14 Provisions</b>			
<b>Current</b>			
Annual leave		82,462	56,376
Long service leave		40,723	7,774
		<u>123,185</u>	<u>64,150</u>
<b>Non-current</b>			
Long service leave		33,995	46,969
		<u>33,995</u>	<u>46,969</u>
<b>15 Other Liabilities</b>			
<b>Non-current</b>			
Unclaimed money		4,725	2,627
		<u>4,725</u>	<u>2,627</u>
<b>16 Retained profits</b>			
Retained profits at beginning of year		6,374,984	5,900,217
Net profit		(930,247)	474,767
Retained profits at the end of the year		<u>5,444,737</u>	<u>6,374,984</u>

	Note	2007 \$	2006 \$
<b>17 Commitments</b>			
<b>(a) Capital expenditure commitments</b>			
Contracted but not provided for and payable:			
Not later than one year		49,189	65,506
<b>(b) Finance lease commitments</b>			
Finance lease payments are payable:			
Within one year		-	18,992
Later than one year but not later than five years		-	-
Later than five years		-	-
		-	18,992
Less: Future lease finance charges		-	419
		-	18,573
Lease liabilities provided for in the financial statements			
Current	13	-	18,573
Non-current	13	-	-
Total lease liability		-	18,573

## 18 Notes to Cash Flow Statement

### (a) Reconciliation of cash

For the purposes of the Cash Flow Statement, cash includes cash on hand and at bank. Cash, as at the end of the financial year, as shown in the Cash Flow Statement is reconciled to the related items in the balance sheet as follows:

Cash on hand	6	3,100	3,100
Cash at bank	6	64,922	635,090
		68,022	638,190

### (b) Reconciliation of operating profit after tax to net cash provided by operating activities

Net profit	(930,247)	474,767
Add/(less) non-cash items:		
Loss/(profit) on disposal of non-current assets	24,053	13,723
Amortisation and depreciation	462,494	451,680
Bad debts expense not previously provided for	38,449	14,503
Net cash provided by operating activities before change in assets and liabilities	(405,251)	954,673
Change in assets and liabilities during the financial year:		
■ receivables;	134,510	(131,084)
■ prepayments;	(830)	(304)
■ trade creditors and accruals; and	90,264	(175,737)
■ provisions.	46,061	9,825
Net cash provided by operating activities	(135,246)	657,373

## 19 Additional financial instrument disclosures

### Interest rate risk

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.

	2007	Note	Weighted average effective rate	Floating interest rate	Fixed interest maturing in:			Non- interest bearing	Total
					1 year or less	1 to 5 years	More than 5 years		
<b>Financial assets</b>									
Cash	6		6.13%	64,922	-	-	-	3,100	68,022
Receivables	7			-	-	-	-	132,788	132,788
<b>Total financial assets</b>				64,922	-	-	-	135,888	200,810
<b>Financial liabilities</b>									
Other Liabilities									
Interest bearing liabilities					-	-	-	4,725	4,725
-Finance	13		5.25%		-	-	-	-	-
Payables	12		-		-	-	-	451,484	451,484
<b>Total financial liabilities</b>				-	-	-	-	456,209	456,209
	<b>2006</b>		<b>Weighted average interest rate</b>	<b>Floating interest rate</b>	<b>Fixed interest maturing in:</b>			<b>Non- interest bearing</b>	<b>Total</b>
					<b>1 year or less</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>		
<b>Financial assets</b>									
Cash	6		6.00%	229,933	-	-	-	3,100	233,033
Cash - term deposit	6		6.23%	405,157	-	-	-	-	405,157
Receivables	7			-	-	-	-	269,570	269,570
<b>Total financial assets</b>				635,090	-	-	-	272,670	907,760
<b>Financial liabilities</b>									
Other Liabilities									
Interest bearing liabilities					-	-	-	2,627	2,627
-Finance	13		5.25%		18,573	-	-	-	18,573
Payables	12		-		-	-	-	363,318	363,318
<b>Total financial liabilities</b>				-	18,573	-	-	365,945	384,518

## **19 Additional financial instrument disclosures (cont'd)**

### ***Foreign currency risk management***

The Company undertakes minimal transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations rarely arise.

### ***Credit risk exposures***

Credit risk represents the loss that would be recognised if counterparts failed to perform as contracted. The credit risk on financial assets is the carrying amount shown on the balance sheet.

### ***Liquidity risk management***

The Company manages liquidity risk by maintaining adequate banking facilities, and by continuously monitoring forecast and actual cash flows.

### ***Net fair values of financial assets and liabilities***

The net fair values of all financial assets and liabilities approximate their carrying value.

## 20 Related parties

### (a) Directors

The names of each person holding the position of director of University of Wollongong Recreation & Aquatic Centre Limited during the financial year are:

Cheryl Batteard, Canio Fierravanti, Diane Harland (nee Riddiford), Prof Don Iverson, Michael Kelly, Paul Manning, Peter Maywald, Prof John Patterson, Murray Reid and Dr Paul Webb.

No one resigned as a director during the year.

### (b) Ultimate controlling entity

The ultimate controlling entity of The Company is the University of Wollongong.

### (c) Non-director related parties

The classes of non-director related parties are:

- controlling entity of The Company; and
- commonly controlled entities.

### (d) Controlling entity disclosures – University of Wollongong

The University of Wollongong collects voluntary student membership fees on behalf of The Company. The amount of fees collected during the year was \$11,974 (2006: \$1,576,723). The University of Wollongong hires The Company facilities, from time to time.

	Note	2007 \$	2006 \$
<b>(i) Other transactions with the controlling entity:</b>			
<i>Income</i>			
Sales		254,148	72,292
Grants for specific purposes		59,000	59,000
		<u>313,148</u>	<u>131,292</u>
<i>Expenses</i>			
Goods and services		558,817	507,445
		<u>558,817</u>	<u>507,445</u>
<b>(ii) Balances with the controlling entity:</b>			
Receivables		8,047	91,953
		<u>8,047</u>	<u>91,953</u>
Intercompany balance		376,872	214,129
Payables		24,640	78,595
		<u>401,512</u>	<u>292,724</u>

	Note	2007 \$	2006 \$
<b>(e) Other related parties</b>			
The Company enters into transactions with other entities controlled by the University of Wollongong: Wollongong UniCentre Ltd and Illawarra Technology Corporation Ltd.			
<b>(i) Transactions with other related parties:</b>			
<i>Income</i>			
Sales		13,442	34,151
		<u>13,442</u>	<u>34,151</u>
 Expenses			
Goods and services		-	395
Grants for specific purposes		-	-
		<u>-</u>	<u>395</u>
 <b>(ii) Balances with other related parties:</b>			
Receivables		17,630	34,151
		<u>17,630</u>	<u>34,151</u>
 Payables		-	-
		<u>-</u>	<u>-</u>

From time to time, directors of related parties or their director-related entities may hire The Company's facilities. The provision of these facilities is made on the same commercial terms and conditions available to other customers and is trivial or domestic in nature.

## 21 Contingent liabilities

There are no known contingent liabilities existing at balance date.

## 22 Economic dependency

The Company's trading activities do not depend upon a major customer or supplier. However, The Company is economically dependent upon the continued existence of the operating and financial arrangements it has with the University of Wollongong. These include:

- Maintenance of sports ground budget of \$59,000
- Free use of buildings and land used for sporting facilities
- Short term cash flow relief for payments made on The Company's behalf

## 23 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of The Company, to affect significantly the operations of The Company, the results of those operations, or the state of affairs of The Company in subsequent financial years.

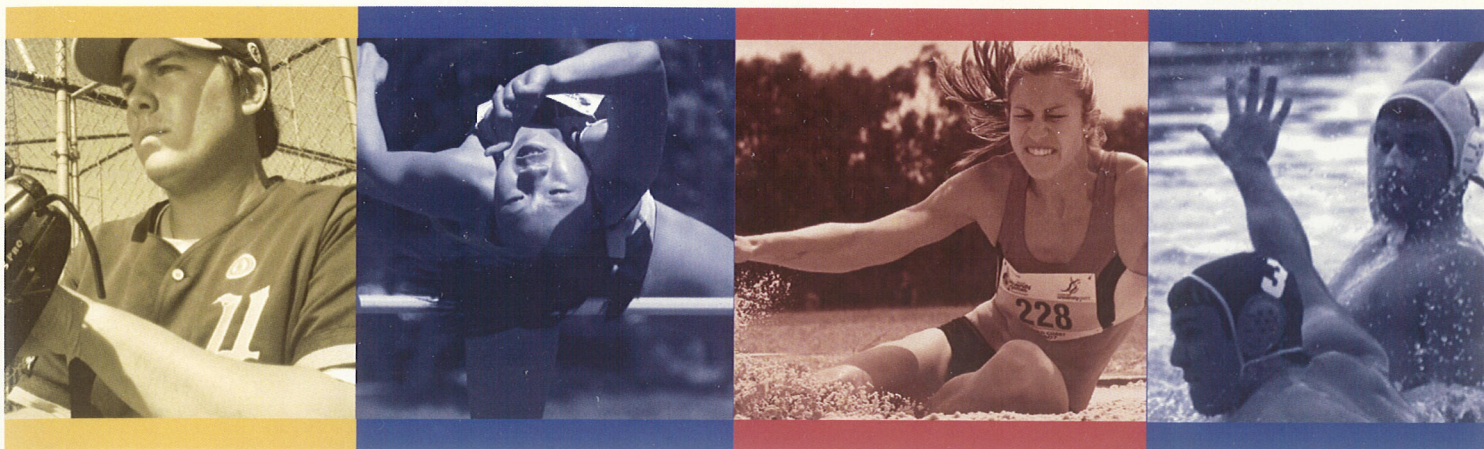
**End of audited financial report**

The following statements are unaudited

**University of Wollongong  
Recreation & Aquatic Centre Limited  
Detailed statement of financial performance  
for the year ended 31 December 2007**

	<b>2007 \$</b>	<b>2006 \$</b>
<b>Income</b>		
Members' fees	149,022	1,701,050
Interest	26,531	44,440
Squash court hire	47,590	44,151
Tennis court hire	26,489	34,109
Facility hire	135,958	66,268
Pool trading income	448,579	418,180
Oval trading income	39,122	34,451
Hockey field income	22,820	18,631
Recreation program	947,839	830,188
Rent and commission received	144,201	100,078
Grant income	125,473	59,000
Profit on sale of property, plant and equipment	-	(13,723)
Special Events	6,077	9,786
Other income	55,981	45,249
Total Income	<u>2,175,682</u>	<u>3,391,859</u>
<b>Expenditure</b>		
Advertising	22,969	12,616
Amortisation of occupancy contribution	278,269	278,269
Accounting and audit fees	36,886	12,000
AUSA subsidy	-	59
Bad debts	38,449	14,503
Catering	1,400	4,380
Club funding and equipment	165	(7,027)
Cleaning and garbage removal	42,102	25,936
Computer maintenance	-	-
Depreciation	184,226	173,412
Electricity and gas	242,684	160,127
Equipment	22,749	52,469
Insurance	35,725	40,448
Borrowing costs and bank charges	8,247	8,363
Motor vehicle expenses	4,759	7,720
Pool chemicals	-	-
Printing	19,787	20,766
Prizes and awards	3,152	15,069
Repairs and maintenance – general	236,962	389,367
Superannuation	24,684	45,621
Telephone, stationery and postage	37,103	43,429
Training	43,120	38,636
Travel and conferences	812	3,184
Wages and salaries	1,596,412	1,385,936
Other expenses	225,267	191,808
Total Expenditure	<u>3,105,929</u>	<u>2,917,092</u>
Total Operating Profit	<u>(930,247)</u>	<u>474,767</u>





Australian University Sport (AUS) is the peak, non-profit, governing body of university sport in Australia. AUS recognises the importance of university sport, and believes that university life is greatly enhanced when students pursue their goals beyond academic endeavour.



# **Australian University Sport proudly supports University of Wollongong University Recreation and Aquatic Centre**



University of Wollongong is one of the many members that has formed a winning partnership with Australian University Sport to develop sport and recreation on their campus.

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**Australian Government**  
**Australian Sports Commission**



